

Message Text

LIMITED OFFICIAL USE

PAGE 01 CAIRO 10360 161837Z

43

ACTION NEA-10

INFO OCT-01 AF-06 ISO-00 EB-07 COME-00 PM-04 NSC-05 SP-02

SS-15 CIAE-00 DODE-00 INR-07 NSAE-00 PA-01 USIA-06

PRS-01 SAM-01 IO-10 NEAE-00 AID-05 TRSE-00 /081 W

----- 002952

P R 161637Z OCT 75

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC PRIORITY 7236

INFO AMEMBASSY ABU DHABI

AMEMBASSY AMMAN

AMEMBASSY BEIRUT

AMEMBASSY DAMASCUS

AMEMBASSY JIDDA

AMEMBASSY KHARTOUM

AMEMBASSY KUWAIT

AMEMBASSY TEHRAN

LIMITED OFFICIAL USE CAIRO 10360

E.O. 11652: NA

TAGS: USEGJC EINV

SUBJECT: INAUGURAL MEETING OF EGYPT-US BUSINESS COUNCIL

REF: CAIRO 10311 (NOTAL)

SUMMARY: INAUGURAL MEETING OF EGYPT-US BUSINESS COUNCIL WAS HELD IN CAIRO OCT 13-14. PARTICIPATION OF 40 SENIOR US EXECUTIVES AND HIGH LEVEL GOE OFFICIALS GENERATED EXTENSIVE INTEREST AND PUBLICITY, AND PREDICTABLY LED TO CONSIDERABLE SPECULATION ABOUT STATUS OF US PRIVATE INVESTMENT EFFORT. BASIC PURPOSE OF MEETING, TO PROVIDE A FORUM IN WHICH ISSUES AND OBSTACLES COULD BE AIRED, WAS ACHIEVED BUT IT APPEARS DOUBTFUL THAT EGYPTIANS - AT LEAST THOSE IN RESPONSIBLE POSITIONS - FULLY UNDERSTAND MAGNITUDE OF PROBLEM FACING POTENTIAL INVESTORS. END SUMMARY.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 CAIRO 10360 161837Z

1. EGYPT-US BUSINESS COUNCIL HELD ITS FIRST MEETING AT MERIDIEN

HOTEL IN CAIRO OCT 13-14. OPENING SESSION WAS ADDRESSED BY PM SALEM, WITH SEVERAL MINISTERS AND AMBASSADOR EILTS PRESENT. FOUR CLOSED PLENARY MEETINGS WERE HELD, AS WELL AS NUMBER OF WELL ATTENDED SOCIAL FUNCTIONS AND A FINAL PRESS CONFERENCE. US SIDE WAS ALSO RECEIVED BY PRES SADAT AT BARRAGES REST HOUSE.

2. HIGH-LEVEL PARTICIPATION BY BOTH US BUSINESS EXECUTIVES, INCLUDING SUCH INDUSTRIAL LUMINARIES AS GM CHAIRMAN MURPHY (COUNCIL CHAIRMAN) ALLIS-CHALMERS' SCOTT, BANK OF AMERICA (NY) DRUMWRIGHT, ETC., AND GOE OFFICIALS ADDED TO PRESS INTEREST, AND GENERATED EXTENSIVE AND SOMEWHAT EUPHORIC COVERAGE IN TERMS OF ANTICIPATED ECONOMIC RESULTS, BUT AS SIGN OF CLOSE AND EXTENSIVE US-EGYPTIAN RELATIONS, MEETINGS WERE SIGNIFICANT SUCCESS.

3. AS VEHICLE FOR FACILITATING INVESTMENTS, WHICH WAS MAIN PURPOSE FOR CREATION OF COUNCIL, SESSIONS MUST BE GIVEN A MIXED REVIEW, HOWEVER, SINCE IT IS NOT CLEAR THAT MESSAGE TRANSMITTED BY US SIDE WAS REALLY RECEIVED, LET ALONG UNDERSTOOD, BY ALL OF EGYPTIAN COUNTERPARTS. AT MINISTERIAL LEVEL OF GOE, WHERE REAL IMPACT WILL BE NECESSARY IF CHANGES ARE TO BE MADE, THERE IS EVEN LESS LIKELIHOOD THAT ANY REAL COMPREHENSION WAS CREATED. NEVERTHELESS, FACT OF MEETING, RELATIVE FRANKNESS OF EXCHANGES AND OPENNESS OF FACE-TO-FACE DIALOGUE CAN BE CONSIDERED AS A PRODUCTIVE AND CONSTRUCTIVE STOP IN FAMILIARIZING EACH SIDE WITH ATTITUDES AND IDEAS OF OTHER. CHAIRMAN MURPHY DID EXCELLENT JOB IN ORGANIZING US SIDE AND MOVING PROCEEDINGS ALONG IN SYMPATHETIC BUT CANDID MANNER.

4. EACH OF PLENARY SESSIONS WAS IN THEORY DEVOTED TO SEPARATE ASPECT OF ECONOMIC/INVESTMENT SITUATION. IN ACTUALITY, NATURE OF DISCUSSION PERMITTED CONSIDERABLE DISCRETION ON PART OF SPEAKERS AND AS RESULT THERE WAS FAIR AMOUNT OF USEFUL DIGRESSION. US SIDE ASKED NUMBER OF SPECIFIC QUESTIONS ON VARIOUS SUBJECTS, A NUMBER OF THEM PUT IN A POLITE BUT BLUNT MANNER, BUT NEVER SUCCEEDED IN OBTAINING A STRAIGHT ANSWER, PARTICULARLY IF SUBJECT WERE SENSITIVE OR DIFFICULT.

5. WHILE SOME INDIVIDUAL MEMBERS ON EGYPTIAN SIDE WERE QUITE WILLING TO TAKE FIRM POSITIONS (IN PRIVATE CONVERSATIONS) LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 CAIRO 10360 161837Z

OPPOSING VARIOUS POLICIES ON INVESTMENT, SUCH AS MULTIPLE EXCHANGE RATE PROBLEM, QUASI-OFFICIAL NATURE OF EGYPTIAN DELEGATION MADE IT DIFFICULT TO OBTAIN COMMISSION CONSENSUS ON RECOMMENDATIONS TO GOE. AMERICAN SIDE, WHICH WAS WELL-PREPARED FOR MEETINGS ON BASIS OF PREVIOUS SALES AND/OR INVESTMENT EXPERIENCES HERE, DISPLAYED CONSIDERABLE TACT AND RESTRAINT, EVIDENTLY RELYING ON BELIEF THAT IMPLIED OR OBLIQUE REFERENCES TO A PROBLEM WOULD BE SUFFICIENT TO ALERT

EGYPTIANS TO ITS EXISTENCE. IN CLOSING HOURS OF LAST SESSION, THIS BELIEF DIMINISHED SHARPLY AS EFFORTS WERE MADE TO WORK OUT LANGUAGE OF JOINT COMMUNIQUE, AND WAFFLING PROCESS STARTED. RESULTANT COMMUNIQUE(REFTEL) LIMITED CONCERNE OVER EXCHANGE RATES QUESTION TO US SIDE, ALTHOUGH SUBJECT HAD BEEN REPEATEDLY RAISED AND DISCUSSED IN MEETINGS, AND HAD NUMBER OF EGYPTIANS AS CLOSET SUPPORTERS.

6. REAL UTILITY OF MEETING RESULTS FROM OBVIOUS INTEREST IN US SIDE IN INVESTMENT OPPORTUNITIES IN EGYPT AND DESIRE TO PARTICIPATE IN AND CONTRIBUTE TO COUNTRY'S DEVELOPMENT. THEY HAVE NOW HAD EXPOSURE, AS A GROUP, TO OBSTACLES OBSTRUCTING OPEN DOOR POLICY. EGYPTIAN UNWILLINGNESS OR INABILITY TO UNDERSTAND WHAT CONSTITUTES A FAVORABLE INVESTMENT CLIMATE APPEARS TO HAVE INCREASED THEIR RESOLVE TO TRY AND CORRECT SITUATION. HOPED-FOR US MEETING WITH SADAT AND CREATION OF WORKING GROUP TO DEAL WITH PROBLEMS BETWEEN COMMISSION MEETINGS ARE BOTH SIGNS OF THIS DESIRABLE RESULT.

7. THERE IS NO DOUBT THAT, ON BALANCE, MEETINGS WERE A PLUS. AMERICAN LEARNED A LOT, AND IF THEY FAILED TO TEACH, IT WAS NOT FOR LACK OF TRYING. IN ONE SENSE THEIR MERE PRESENCE HERE SEEMED TO BE CONFIRMATION OF CONTINUED AMERICAN INTERST IN INVESTMENT IN EGYPT UNDER EXISTING ARRANGEMENTS, AND THAT, THEREFFORE, NO REAL MODIFICATIONS IN EGYPTIAN POLICIES ARENECESSARY. THERE WERE SOME MACABRE MOMENTS, SUCH AS INSISTENCE BY ONE DEPUTY MINISTER THAT POUND WOULD PROBABLY HAVE TO BE REVALUED UPWARD AS RESULT OF INVESTMENT PRESSURES, BUT ATMOSPHERE WAS WARM AND OPEN. ALL PARTIES, INCLUDING EMBASSY, ARE GLAD MEETINGS TOOK PLACE. WHAT WILL BE IMPORTANT IS EXTENT OF FOLLOWUP MOMENTUM THIS MEETING WILL BE ABLE TO GENERATE.

EILTS

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 CAIRO 10360 161837Z

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN INVESTMENT, RESOLUTIONS, MEETING REPORTS, ECONOMIC PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 16 OCT 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MartinML
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975CAIRO10360
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750359-0431
From: CAIRO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751048/aaaabqsb.tel
Line Count: 154
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 CAIRO 10311
Review Action: RELEASED, APPROVED
Review Authority: MartinML
Review Comment: n/a
Review Content Flags:
Review Date: 30 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <30 JUL 2003 by ShawDG>; APPROVED <26 NOV 2003 by MartinML>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: INAUGURAL MEETING OF EGYPT-US BUSINESS COUNCIL
TAGS: EINV, USEGJC, JOINT BUSINESS COUNCIL
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006